

Message Text

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PAGE 01 BRUSSE 04827 102245Z
ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-08
FRB-01 INR-10 NSAE-00 SP-02 STR-07 TRSE-00 LAB-04
SIL-01 OMB-01 /053 W
-----061697 111613Z /14

R 102014Z MAR 78
FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 5427
INFO ALL EC CAPITALS
USMISSION GENEVA

UNCLAS BRUSSELS 04827

USEEC

E.O. 11652: N/A
TAGS: EEC, ETRD, EIND
SUBJECT: EC COMMISSION STEEL FORECASTS

PARIS ALSO FOR OECD; GENEVA FOR MTN
1. AT ITS MEETING OF MARCH 8, THE COMMISSION APPROVED
THE FORWARD PROGRAM FOR THE EC STEEL INDUSTRY IN THE
SECOND QUARTER OF 1978. THIS FORECAST CALLS FOR AN
INCREASE IN EC STEEL PRODUCTION OF ABOUT
TWO MILLION TONS OVER ESTIMATED FIRST QUARTER 1978
PRODUCTION OF 30.1 MILLION TONS. (THESE FORECASTS
ARE THE BASIS OF THE DAVIGNON PLAN'S VOLUNTARY
DELIVERY TARGETS FOR EC STEEL FIRMS.)
2. THESE LEVELS REMAIN BELOW THOSE OF LAST YEAR --
32.5 MILLION TONS AND 32.4 MILLION TONS IN THE
FIRST AND SECOND QUARTERS RESPECTIVELY. FOR THIS
REASON COMMISSION STEEL OFFICIALS MAINTAIN THAT
THERE ARE STILL NO SIGNS OF ANY SIGNIFICANT IM-
PROVEMENT. MOREOVER MUCH OF THE INCREASED PRODUC-
TION WILL REPRESENT A RESTOCKING EFFORT AND REAL
CONSUMPTION IS EXPECTED TO INCREASE ONLY BY ABOUT
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ONE PERCENT FROM 28.1 MILLION TONS TO 28.5 MILLION
TONS. CAPACITY UTILIZATION REMAINS AT A LOW 60
PERCENT. THE SINGLE BRIGHT SPOT HAS BEEN NEW
ORDERS. THERE HAS BEEN AN INCREASE
(EIGHT PERCENT) IN ORDERS RECEIVED OVER THE LAST
YEAR FROM WITHIN THE EC WHICH WAS ONLY PARTIALLY
OFFSET BY LOWER ORDERS FROM THIRD COUNTRIES.

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3. THE TABLE BELOW GIVES RESULTS, IN MILLIONS OF TONS,
FROM 1977 COMPARED WITH FIRST HALF 1978 FORECASTS:

	II/ I/1977	III/ 1977	IV/ 1977	I/1978	II/1978
	(ACTUAL)	(EST.)	FORECASTS		
REAL CONSUMPTION	30.45	30.10	26.20	28.9	28.10 28.55
STOCK VARIATIONS	-0.27	-1.27	0.28	0.3	-2.00 -
IMPORTS	3.15	3.12	2.95	2.5	2.50 2.50
EXPORTS	5.51	6.69	7.20	5.9	6.50 5.80
PRODUCTION	32.54	32.40	30.73	32.0	30.10 31.85.
PLUS					

4. THE TABLE BELOW SHOWS THE DEVELOPMENT OF ORDERS DURING
THE LAST YEAR:

ORDERS FROM:	COMMUNITY	THIRD COUNTRIES	TOTAL
JANUARY 1978	5.3	1.6	6.9
DECEMBER 1977	5.2	1.9	7.1
JANUARY 1977	4.9	1.2	6.2.
MORRIS			

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NNN

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